

**NORTHWEST IOWA COMMUNITY COLLEGE  
SHELDON, IOWA**

**Independent Auditors' Report  
Financial Statements and Supplemental Information  
Schedule of Findings and Questioned Costs**

**For the Fiscal Year Ended June 30, 2010**

**NORTHWEST IOWA COMMUNITY COLLEGE  
C O N T E N T S**

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# **NORTHWEST IOWA COMMUNITY COLLEGE**

## **OFFICIALS**

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<b>NAME</b>	<b>TITLE</b>	<b>TERM EXPIRES</b>
<b>Board of Directors</b>		
Cynthia Porter	Member	2013
Craig Struve	Member	2013
Chad Hamill	Member	2011
Leroy Van Kekerix	President	2011
Jim Kennedy	Member	2011
Larry Hoekstra	Member	2013
Chad Hamill	Vice-President	2011
<b>Community College</b>		
Dr. William Giddings	President	
Dr. Alethea Stubbe	Board Secretary	
Mark Brown	Executive Director, College Operations and Finance and Board Treasurer	



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Northwest Iowa Community College  
Sheldon, Iowa

We have audited the accompanying financial statements of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, as of and for the year ended June 30, 2010. These financial statements are the responsibility of the Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Northwest Iowa Community College Foundation (a discretely presented component unit of the Community College discussed in Note 1), which statements reflect total assets of \$5,109,366 and total operating revenues of \$650,592 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion insofar as it relates to that unit is based on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The financial statements of the Northwest Iowa Community College Foundation were not audited in accordance with *Government Auditing Standards*. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of Northwest Iowa Community College and its discretely presented component unit as of June 30, 2010, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2010, on our consideration of Northwest Iowa Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over

financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Northwest Iowa Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. The other supplementary information on pages 32 through 56 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 13, 2010

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management of Northwest Iowa Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the College's financial statements, which follow, as well as the separately issued financial statements of the Northwest Iowa Community College Foundation, a discretely presented component unit of the College.

### **2010 FINANCIAL HIGHLIGHTS**

- ◆ College operating revenues increased 3.43% or \$343,021 from fiscal year 2009 (FY 09). Tuition and fees, federal appropriations and auxiliary enterprise revenues reported an increase and Iowa Industrial New Jobs Training revenues reported a decrease.
- ◆ College operating expenses increased 2.26% or \$360,791 from fiscal year 2009 (FY 09). Vocational technical, administration, student services, auxiliary enterprises, scholarship and grants, depreciation and amortization reported an increase in expenditures, while liberal arts and sciences, adult education, cooperative services, learning resources, physical plant and general institution decreased.
- ◆ The College's net assets increased 3.47%, or approximately \$785,676, from fiscal year 2009 (FY 09).

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.

The Basic Financial Statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the College's budget for the year.

Other Supplementary Information provides detailed information about the individual funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the College.

## **REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES**

### *The Statement of Net Assets*

The Statement of Net Assets presents the assets, liabilities and net assets of the College as a whole, as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities, and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

### **Net Assets**

	June 30	
	2010	2009
Current Assets	\$21,158,720	\$22,519,280
Noncurrent Assets	18,989,961	16,917,957
Total Assets	40,148,681	39,437,237
Current Liabilities	6,270,095	5,917,214
Noncurrent Liabilities	10,513,062	10,940,175
Total Liabilities	16,783,157	16,857,389
Net Assets		
Invested in capital assets, net of related debt	12,022,510	10,992,836
Restricted	664,588	1,556,851
Unrestricted	10,678,426	10,030,161
Total Net Assets	\$23,365,524	\$22,579,848

### **Comparison of Net Assets**

The largest portion of the College's net assets (51.46%) is the invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The next largest portion of the College's net assets (45.7%) is the unrestricted assets that can be used to meet the College's obligations as they come due. The restricted portion of the net assets (2.8%) includes resources that are subject to external restrictions. The college's restricted portion of the net assets show a decrease of \$892,263 compared to FY 09. The reason for this is that the college offered an early retirement program for FY 10. The liability for this program was recorded in the FY 10 activity.



## Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the expenses paid by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

In general, a public college, such as Northwest Iowa Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

### Changes in Net Assets

	June 30	
	2010	2009
Operating Revenues:		
Tuition and fees	\$ 3,795,085	\$ 3,583,791
Federal appropriations	3,141,024	2,047,630
Iowa Industrial New Jobs Training Program	883,794	1,686,323
Auxiliary	2,132,314	1,993,089
Gifts and Contributions	320,851	-
Miscellaneous	45,987	665,201
Total operating revenues	10,319,055	9,976,034
Total operating expenses	16,313,596	15,952,805
Operating Loss	(5,994,541)	(5,976,771)
Non-operating revenues (expenses)		
State appropriations	5,011,201	5,706,121
Property tax	1,779,629	1,768,786
Interest income on investments	167,978	306,456
Gain on sale of capital assets	1,181	393
Rental of college facilities	3,828	3,365
Donated Capital Assets	-	1,000,000
Interest on indebtedness	(183,600)	(90,967)
Net non-operating revenues	6,780,217	8,694,154
Increase in net assets	785,676	2,717,383
Net assets beginning	22,579,848	20,186,001
PPAJE		(323,536)
Net assets ending	\$23,365,524	\$22,579,848

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year, with an increase in the net assets at the end of the fiscal year.

### Total Revenue by Source

In FY 10, operating revenues increased by \$343,021 (3.43%) as a net result of the following changes:

- ◆ Tuition and fees increased by \$ 211,294 due to an increase in the tuition rate of \$6.00 per credit, and an increase in billable credits.
- ◆ Federal appropriations increased by \$1,093,394 due largely to the following:
  - \$621,382 of federal stimulus dollars received in FY 10.
  - \$568,934 increase in the Federal Pell Grant.
- ◆ The Iowa Industrial New Jobs Training program decreased by \$802,529. The college did not have a new jobs issuance in FY 10, but did issue training certificates in FY 09.
- ◆ The auxiliary revenues increased by \$139,225. This is a result of a variety of auxiliary accounts experiencing a change in revenue for FY 10. The main reason for the increase in revenue was an increase in the Bookstore sales due to the increase in the number of students for FY 10.
- ◆ The miscellaneous group decreased by \$619,214 as a result of the college not having an issuance of training certificates in FY 10, but selling certificates and recording the administrative fee in FY 09, and the change to separately present gifts and contributions.

### Total Expenses

	June 30	
	2010	2009
Education and support:		
Liberal arts and sciences	\$1,195,434	\$1,218,321
Vocational technical	3,924,776	3,844,902
Adult education	728,385	790,651
Cooperative services	883,794	1,693,281
Administration	1,954,710	682,827
Student services	823,269	803,818
Learning resources	202,428	238,653
Physical plant	1,107,973	1,269,974
General institution	2,265,987	2,442,557
Auxiliary enterprises	2,212,662	2,117,846
Scholarships and grants	21,552	7,443
Depreciation	979,610	839,302
Amortization	4,016	3,230
<b>Total Operating Expenses</b>	<b>\$16,313,596</b>	<b>\$15,952,805</b>

In FY 10, operating expenses increased by \$360,791 (2.26%). The following factors explain some of the changes:

- ◆ Cooperative services reported a decrease in expenditures of \$809,487 due to the fact that the college did not issue any new 260E New Jobs Training Certificates for FY 10, but did have an issuance in FY 09.

- ♦ Administration reported an increase in expenditures of \$1,271,883. This increase was the recording of the early retirement program that was offered in FY 10 and the entire obligation of \$1,263,097 was recorded. This expense will be paid over the next several years with the local property taxes that are levied for early retirement and insurance for the college.

### *Statement of Cash Flows*

A statement included in Northwest Iowa Community College's basic financial statements is the Statement of Cash Flows. The Statement of Cash Flows is an important tool in helping users assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

### **Cash Flows**

	June 30	
	2010	2009
Cash provided (used) by:		
Operating activities	\$(4,164,608)	\$(3,983,505)
Non-capital financing activities	5,301,933	6,702,797
Capital and related financing activities	(2,204,882)	(388,981)
Investing activities	167,978	306,456
Net increase/(decrease) in cash	(899,579)	2,636,767
Cash, beginning of the year	18,590,613	15,953,846
Cash, end of the year	<u>\$17,691,034</u>	<u>\$18,590,613</u>

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations, local property tax received by the College and the receipt and disbursement of federal direct loan program proceeds. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income received.

## **CAPITAL ASSETS**

At June 30, 2010, the College had approximately \$15.6 million invested in capital assets, net of accumulated depreciation of \$12.1 million. Depreciation charges totaled \$979,610 for FY 10. Details of capital assets are shown below.

### **Capital Assets, Net, at Year-End**

	June 30	
	2010	2009
Land	\$ 338,966	\$ 346,880
Buildings and Other Structures	11,908,716	8,956,139
Equipment	3,098,291	3,337,240
Software Development	206,229	247,474
Construction in Progress	85,426	1,901,709
Total	<u>\$15,637,628</u>	<u>\$14,789,442</u>

Planned capital expenditures for the fiscal year ending June 30, 2011, are to include the completion of the Life Long Learning and Recreational Facility (LLLRC) at a cost of \$3.5 million. That will bring the total cost of the LLLRC to around \$6 million. Funding of the LLLRC comes from a Vision Iowa Grant, a USDA Loan, contributions through the NCC Foundation and College funds. Also the college plans to purchase equipment estimated at \$400,000. More detailed information about the College's capital assets is presented in Note 5 to the financial statements.

## **DEBT**

At June 30, 2010, the College had \$10.1 million in debt outstanding, a decrease of \$1,557,500 from 2009. The certificates payable are the 260E New Jobs Training Certificates and bonds payable are the revenue bonds for the Lyon Hall and O'Brien Hall apartment style dormitories. The table below summarizes these amounts by type.

	June 30	
	2010	2009
Certificates Payable	\$ 6,565,000	\$ 7,950,000
Notes Payable	-	12,500
Bonds Payable	3,525,000	3,685,000
Total	<u>\$10,090,000</u>	<u>\$11,647,500</u>

More detailed information about the College's outstanding debt is presented in Note 6 to the financial statements.

## **ECONOMIC FACTORS**

Northwest Iowa Community College continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for College officials. Some of the realities that may potentially become challenges for the College to meet are:

- ◆ State aid has been reduced over the past few years. There was a deappropriation in state general aid in FY 10 in the net amount of \$385,000.
- ◆ Expenses will continue to increase and the burden of meeting these obligations have been placed on the students with the continued increases in tuition and fees.
- ◆ Facilities at the College require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

The College anticipates the current fiscal year will hold many challenges and we will maintain a close watch over resources to maintain the College's ability to react to unknown issues.

## **Contacting the College's Financial Management**

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Northwest Iowa Community College, 603 West Park Street, Sheldon, IA 51201.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	Primary Government	Component Unit
<b>ASSETS</b>		
Current Assets:		
Cash and Pooled Investments	\$ 17,691,034	\$ 854,978
Receivables:		
Accounts	603,588	111,266
Property Tax:		
Current Year Delinquent	20,593	-
Succeeding Year	1,964,222	-
Iowa Industrial New Jobs Training Program	198,963	-
Notes	90	-
Accrued Interest	-	2,032
Due from Other Governments	381,504	-
Inventories	298,726	-
Total Current Assets	21,158,720	968,276
Noncurrent Assets:		
Foundation Promises to Give	-	158,416
Restricted Foundation Assets	-	1,683,449
Due From Northwest Iowa Community College Foundation	2,299,225	-
Iowa Industrial New Jobs Training Program Receivable	983,059	-
Bond Issue Costs	70,049	-
Capital Assets:		
Land	338,966	-
Construction in Progress	85,426	2,299,225
Buildings	18,886,113	-
Other Structures and Improvements	1,017,800	-
Furniture, Machinery and Equipment	7,021,690	-
Software Development	412,457	-
Accumulated Depreciation	(12,124,824)	-
Total Noncurrent Assets	18,989,961	4,141,090
<b>Total Assets</b>	<b>\$ 40,148,681</b>	<b>\$ 5,109,366</b>

See Notes to Financial Statements

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	Primary Government	Component Unit
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 1,155,455	\$ -
Salaries and Benefits Payable	250,951	-
Accrued Interest Payable	14,592	-
Deferred Revenue:		
Succeeding Year Property Tax	1,964,222	-
Other	437,380	-
Early Retirement Payable	360,335	-
Compensated Absences Payable	31,097	-
Insurance Reserve	150,000	-
Deposits Held in Custody for Others	411,063	-
Certificates Payable	1,375,000	-
Bonds Payable	120,000	-
Total Current Liabilities	6,270,095	-
Noncurrent Liabilities:		
Compensated Absences Payable	279,868	-
Early Retirement Payable	1,258,076	-
Capital Lease Payable	90,118	-
Certificates Payable	5,190,000	-
Due to Northwest Iowa Community College	-	2,299,225
Bonds Payable	3,405,000	-
Net OPEB Obligation	290,000	-
Total Noncurrent Liabilities	10,513,062	2,299,225
<b>Total Liabilities</b>	<b>16,783,157</b>	<b>2,299,225</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	12,022,510	-
Restricted:		
Nonexpendable:		
Cash Reserve	119,016	-
Temporarily Restricted Foundation Net Assets	-	1,007,130
Permanent Foundation Net Assets	-	225,214
Expendable:		
Loans	13,118	-
Board Restricted Foundation Net Assets	-	451,102
Other Foundation Net Assets	-	1,126,695
Other	532,454	-
Unrestricted	10,678,426	-
<b>Total Net Assets</b>	<b>\$ 23,365,524</b>	<b>\$ 2,810,141</b>

**NORTHWEST IOWA COMMUNITY COLLEGE  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Primary Government	Component Unit
<b>Revenues</b>		
Operating Revenues:		
Tuition and Fees, net of scholarship allowances of \$1,538,100	\$ 3,795,085	\$ -
Federal Appropriations	3,141,024	-
Iowa Industrial New Jobs Training Program	883,794	-
Auxiliary Enterprises, net of scholarship allowances of \$324,890	2,132,314	-
Donated Equipment and Services	-	13,860
Special Events, net of related expenses, \$6,455	-	20,372
Gifts and Contributions	320,851	616,360
Miscellaneous	45,987	-
Total Operating Revenues	<u>10,319,055</u>	<u>650,592</u>
<b>Expenses</b>		
Operating Expenses:		
Education and Support:		
Liberal Arts and Sciences	1,195,434	-
Vocational Technical	3,924,776	-
Adult Education	728,385	-
Cooperative Services	883,794	-
Administration	1,954,710	10,348
Student Services	832,269	-
Learning Resources	202,428	-
Physical Plant	1,107,973	13,860
General Institution	2,265,987	-
Auxiliary Enterprises	2,212,662	-
Scholarships and Grants	21,552	308,417
Amortization	4,016	-
Depreciation	979,610	-
Total Operating Expenses	<u>16,313,596</u>	<u>332,625</u>
Operating Income (Loss)	(5,994,541)	317,967
<b>Non-operating Revenues (Expenses)</b>		
State Appropriations	5,011,201	-
Property Tax	1,779,629	-
Interest Income From Investments	167,978	103,688
Gain (Loss) on Disposal of Capital Assets	1,181	-
Rental of College Facilities	3,828	-
Interest on Indebtedness	(183,600)	-
Net Non-operating Revenues	<u>6,780,217</u>	<u>103,688</u>
Increase in Net Assets	785,676	421,655
Net Assets Beginning of Year	<u>22,579,848</u>	<u>2,388,486</u>
Net Assets End of Year	<u>\$ 23,365,524</u>	<u>\$ 2,810,141</u>

See Notes to Financial Statements



**NORTHWEST IOWA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Primary Government
Cash Flows from Operating Activities:	
Tuition and Fees	\$ 3,806,691
Grants and Contracts	3,291,670
Iowa Industrial New Jobs Training Program	1,518,974
Payments to Employees	(8,816,267)
Payments to Suppliers	(4,190,671)
Net Receipts of NJTP Issuances and Repayments	(2,268,794)
Payments for Scholarships	(21,552)
Auxiliary Enterprise Charges	2,148,503
Other Receipts	366,838
Net Cash (Used) by Operating Activities	<u>(4,164,608)</u>
Cash Flows from Non-Capital Financing Activities:	
State Appropriations	5,560,000
Property Tax	1,782,648
Rental of College Facilities	3,828
Due From Related Party	(1,947,063)
Agency receipts	227,680
Agency disbursements	(325,160)
Net Cash Provided From Non-Capital Financing Activities	<u>5,301,933</u>
Cash Flows from Capital and Related Financing Activities:	
Aquisition of Capital Assets	(1,880,670)
Proceeds from the Sale of Fixed Assets	45,964
Principal Paid on Debt	(193,988)
Interest Paid on Debt	(176,188)
Net Cash (Used) by Capital and Related Financing Activities	<u>(2,204,882)</u>
Cash Flows from Investing Activities:	
Interest on Investments	167,978
Net Cash Provided by Investing Activities	<u>167,978</u>
Net Decrease in Cash	(899,579)
Cash at Beginning of Year	<u>18,590,613</u>
Cash at End of Year	<u><u>\$ 17,691,034</u></u>

NORTHWEST IOWA COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010

	Primary Government
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating (Loss)	\$ (5,994,541)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	979,610
Amortization	4,016
Changes in Assets and Liabilities:	
Decrease in Prepaid	123,800
(Increase) in Accounts Receivable	(51,155)
Decrease in NJTP Receivable	672,306
Decrease in Due From Other Governments	150,646
(Increase) in Inventories	(95,202)
Increase in Accounts Payable	92,242
Increase in Salaries Payable	18,780
Increase in Deferred Revenue	41,824
Increase in Compensated Absences	34,134
Increase in Early Retirement Payable	1,090,978
Increase in Other Postemployment Benefits	145,000
Increase in Deposits in Custody (non-Agency portion)	7,954
(Decrease) in Certificates Payable	(1,385,000)
Total Adjustments	1,829,933
Net Cash (Used) by Operating Activities	\$ (4,164,608)

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2010**

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**Note 1 - Summary of Significant Accounting Policies**

Northwest Iowa Community College is a publicly supported college, established and operated by Merged Area IV under the provisions of Chapter 260C of the Code of Iowa. Northwest Iowa Community College may offer programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. Northwest Iowa Community College also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Northwest Iowa Community College maintains a campus and has its administrative office in Sheldon, Iowa. The Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area IV.

The Community College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Northwest Iowa Community College has included all funds, organizations, agencies, boards, commissions and authorities. The Community College has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Community College are such that exclusion would cause the Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Community College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Community College. Northwest Iowa Community College has included the Northwest Iowa Community College Foundation as a blended component unit that meets the Governmental Accounting Standards Board criteria. The Northwest Iowa Community College Foundation has been audited separately and a report has been issued under separate cover. A copy of the audited financial statements are available at the College.

**Discretely Presented Component Unit**

Northwest Iowa Community College Foundation is a legally separate non-profit corporation, whose goal is to provide support to the Community College and students, and whose financial activities are included as endowment funds in these financial statements. Northwest Iowa Community College Foundation primarily receives funds through donations to provide scholarships to students. The governing board of this organization has members who are also officers of the Community College. However, these members do not comprise a majority of the Foundation's board. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Northwest Iowa Community College and its students.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2010**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

Net assets of the Foundation at June 30, 2010, include the following:

Invested in Capital Assets, Net of Related Debt	\$ -
Expendable Net Assets	1,577,797
Temporarily Restricted Net Assets	1,007,130
Permanently Restricted Net Assets	225,214
	<u>\$ 2,810,141</u>

**B. Basis of Presentation**

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net asset categories:

Invested in Capital Assets, Net of Related Debt: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets:

Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the Community College, including the Community College's permanent endowment funds, and a cash reserve required by Iowa Code.

Expendable – Net assets whose use by the Community College is subject to externally imposed stipulations that can be fulfilled by actions of the Community College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets: Net assets that are not subject to externally imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. When an expense is incurred for which both restricted and unrestricted resources are available, the College will first apply restricted resources.

GASB Statement No. 35 also requires that Statements of Net Assets, Revenues, Expenses and Changes in Net Assets and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the Community College. For the most part, the effect of interfund activity has been removed from these statements.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2010**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

**C. Measurement Focus and Basis of Accounting**

For financial reporting purposes, Northwest Iowa Community College is considered a special-purpose government engaged only in business type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The College applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

**D. Assets, Liabilities and Net Assets**

The following accounting policies are followed in preparing the balance sheet:

Cash and Pooled Investments – Investments consist of non-negotiable savings and certificates of deposit and are stated at cost which approximates fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, which approximates fair value. The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

For the purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amount of cash, and at the day of purchase, they have a maturity date no longer than three months.

Short-Term Interfund Receivables/Payables – During the course of its operations, the Community College had numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received, as of June 30, 2010, balances of interfund amounts receivable or payable have been recorded as “due to other funds” and “due from other funds”, respectively.

Due from Other Governments – This asset represents state aid, grants and reimbursements due from the State of Iowa, grants and reimbursements due from the Federal government, and amounts due from local municipalities.

Inventories – Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Property Tax Receivable – Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the Board of Directors to the appropriate County Auditors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2010**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of

each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the Community College for training projects entered into between the Community College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2010, on NJTP projects, plus interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets, which include land, buildings and improvements and equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets are defined by the Community College as assets with initial, individual costs in excess of \$5,000.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u> <u>(In Years)</u>
Buildings	30
Other structures and improvements	30
Equipment	5-10
Vehicles	5-10

The Community College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements. Interest costs incurred during the year were \$183,600 of which none have been capitalized.

Salaries and Benefits Payable – Payroll and related expenses for instructors with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2010**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

Deferred Revenue – When assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue. Deferred revenue consists of succeeding year property tax receivable, tuition deposits, tuition paid for portion of summer term after June 30<sup>th</sup>, unspent grant proceeds and unearned revenue on 260 E and F projects.

Compensated Absences – Community College employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences plus related benefits are recorded as liabilities of the appropriate fund. These liabilities have been computed based on rates of pay in effect at June 30, 2010.

Bond Issuance Costs – Bond issuance costs are deferred and amortized over the life of the bonds using a straight-line method.

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, dormitories, parts, printing and reproduction, and trade and industry.

Summer Session – The College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are allocated between fiscal years based upon the number of days in the term occurring before and after June 30<sup>th</sup>.

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances, while other payments made directly to students are presented as scholarship expenses.

Operating and Non-Operating Activities – Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations, property tax and interest income.

**E. Scholarship Allowances and Student Aid**

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2010**

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**Note 2 - Cash and Pooled Investments**

The Community College's deposits in banks at June 30, 2010, were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Community College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements, certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

All of the College's investments are in savings accounts, certificates of deposit, Iowa Schools Joint Investment Trust (ISJIT) or money-market accounts, thus cost equals fair value for all of the College's investments with the exception of ISJIT as discussed at Note 1.D. The College protects against interest rate risk by dictating all maturities be of one year or less.

As of June 30, 2010, the College's investments were rated at follows:

Investment Type	Moody Investor Services
Iowa Schools Joint Investment Trust	Aaa

**Note 3 - Accounts Receivable and Credit Policies**

Accounts receivable includes \$146,375 of uncollateralized student obligations stated at the amount billed to the student plus any accrued and unpaid interest. The carrying amount of accounts receivable is reduced by an allowance of \$14,637 that reflects management's best estimate of amounts that will not be collected. Management reviews all accounts receivable balances that are delinquent and estimates the portion, if any, of the balance that will not be collected.

Each student is required to pay the balance on their account by the first day of class. However, students do have the option of enrolling with a third party designated by the college which administers a payment plan. The students are required to pay a \$35 fee to participate in the plan, of which NICC receives \$10. The third party handles all collections of payments and remits them to NICC.

**Note 4 - Inventories**

The Community College's inventories at June 30, 2010, are as follows:

Parts, Supplies and Materials	\$ 29,344
Merchandise Held for Resale-Bookstore	240,935
Other-Bookstore	28,447
Total	<u>\$ 298,726</u>



**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2010**

**NOTE 5 - Capital Assets**

Capital assets activity for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End Of Year
Capital Assets, not being depreciated:				
Land	\$ 346,880	\$ -	\$ 7,914	\$ 338,966
Construction in Progress	1,901,709	1,591,020	3,407,303	85,426
Total Capital Assets, not being depreciated	2,248,589	1,591,020	3,415,217	424,392
Capital Assets, being depreciated:				
Buildings	15,478,810	3,407,303	-	18,886,113
Other Structures and Improvements	1,017,800	-	-	1,017,800
Furniture, Machinery and Equipment	7,003,714	281,558	263,582	7,021,690
Software Development	412,457	-	-	412,457
Total Capital Assets, being depreciated	23,912,781	3,688,861	263,582	27,338,060
Less Accumulated Depreciation for:				
Buildings and Other Structures and Improvements	7,540,471	454,726	-	7,995,197
Movable Equipment	3,831,457	524,884	226,714	4,129,627
Total Accumulated Depreciation	11,371,928	979,610	226,714	12,124,824
Total Capital Assets, Being Depreciated, Net	\$12,540,853	\$2,709,251	\$ (36,868)	\$15,213,236

Furniture, machinery and equipment include \$137,545 of assets acquired under capital lease.

The College has lease agreement with the City of Sioux Center for 800 square feet in the Sioux Center Public Library. This agreement is from January 1, 2009 to December 31, 2011 with a commitment of \$533 per month. There are also renewal options available to extend the agreement through December 31, 2017.

The College also has a lease agreement with Orange City Area Health System, an Administrative Agency of the City of Orange City for a 1,541 square foot building in Orange City, also used as classroom space. This agreement is from July 1, 2010 to July 1, 2013 with a rent of \$924.60 per month the first year and \$975.97 per month for years two and three. There are extension options for an additional three years.

The primary government CIP at year end related to various campus plant projects.

At year end the discretely presented component unit had fixed assets consisting of construction in progress relating to the Wellness Center Facility.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2010**

**NOTE 5 - Capital Assets (Continued)**

Reconciliation of Investment in Capital Assets:

	Primary Government	Discrete Component Unit
Land	\$ 338,966	\$ -
Construction in Progress	85,426	2,299,225
Buildings	18,886,113	
Other Structures and Improvements	1,017,800	-
Furniture, Machinery and Equipment	7,021,690	-
Software Development	412,457	-
Accumulated Depreciation	(12,124,824)	-
Less: Capital Lease Payable	(90,118)	-
Due to Northwest Iowa Community College	-	(2,299,225)
Bonds Payable	(3,525,000)	-
Invested in Capital Assets, Net of Related Debt	<u>\$ 12,022,510</u>	<u>\$ -</u>

**NOTE 6 – Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2010, is as follows:

	Capital <u>Lease</u>	Certificates <u>Payable</u>	Notes <u>Payable</u>	Bonds <u>Payable</u>	Compensated <u>Absences</u>	<u>Total</u>
Balance Beginning of Year	\$ 111,606	\$ 7,950,000	\$ 12,500	\$ 3,685,000	\$ 276,831	\$12,035,937
Additions	-	-	-	-	242,149	242,149
Reductions	21,488	1,385,000	12,500	160,000	208,015	1,787,003
Balance End of Year	<u>90,118</u>	<u>6,565,000</u>	<u>-</u>	<u>3,525,000</u>	<u>310,965</u>	<u>10,491,083</u>
Portion Due Within One Year	<u>\$ -</u>	<u>\$ 1,375,000</u>	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ 31,097</u>	<u>\$1,548,449</u>

Capital Lease

The College entered into an agreement to lease a John Deere Motor Grader. The agreement is for a period of five years at an interest rate of 3.95%. The lease expires in 2014.

The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments under the agreement described above in effect at June 30, 2010:

Fiscal Year Ending June 30,	Amount
2011	\$ -
2012	26,257
2013	26,257
2014	26,257
2015	21,513
Total minimum lease payments	100,284
Less amount representing interest	(10,166)
Present value of net minimum lease payments	<u>\$ 90,118</u>

Payments under this agreement for the year ended June 30, 2010 totaled \$26,257.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2010**

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**NOTE 6 – Changes in Long-Term Liabilities - (Continued)**

Certificates Payable

In accordance with agreements dated between December 9, 1985 and July 2008, the Community College issued certificates totaling \$20,845,000, with interest rates ranging from 2.6% to 8.1% per annum. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default from standby property taxes.

Long-Term Debt

The certificates will mature as follows:

Years Ending			
June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,375,000	\$ 364,170	\$ 1,739,170
2012	995,000	287,840	1,282,840
2013	970,000	233,950	1,203,950
2014	900,000	180,728	1,080,728
2015	1,280,000	131,260	1,411,260
2016-2018	1,045,000	118,365	1,163,365
Total	<u>\$ 6,565,000</u>	<u>\$ 1,316,313</u>	<u>\$ 7,881,313</u>

Notes Payable

The Community College has issued one note as allowed by Section 260C.58 of the Code of Iowa.

The first note, for the purchase of equipment, was issued for \$125,000 during the year ended June 30, 2000. There is no stated interest rate and the note is payable in annual installments of \$12,500 each July beginning on July 1, 2000. This note was fully retired in FY2010. The note was unsecured.

Bonds Payable

On December 1, 2001, the Community College advance refunded its 1992 dormitory building construction bonds. The Community College issued \$335,000 dormitory refunding revenue bonds with interest rates ranging from 2.50% to 4.30% to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Plant Fund. This refunding was undertaken to reduce total debt service payments over the next 8 years by \$81,590.

On February 1, 2007 the college issued \$1,745,000 of Dormitory Revenue Bonds for the construction of the Lyon Hall Student Housing Complex as allowed by Section 260C.19 of the Code of Iowa. This bond carries a variable interest rate beginning at 4.15% in its first year and increasing 0.05% each year for a final interest rate of 5.30%.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2010**

**NOTE 6 – Changes in Long-Term Liabilities - (Continued)**

On December 1, 2008 the College issued \$1,985,000 of Dormitory Revenue Bonds for the construction of O'Brien Hall Student Housing Complex as allowed by Section 260C.19 of the Code of Iowa. This bond carries a variable interest rate beginning at 3.00%, increasing incrementally each year to a final interest rate of 5.50%.

The Dormitory bonds will mature as follows:

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 120,000	\$ 173,470	\$ 293,470
2012	130,000	168,970	298,970
2013	135,000	163,900	298,900
2014	140,000	158,418	298,418
2015	145,000	152,503	297,503
2016-2020	855,000	654,992	1,509,992
2021-2025	1,130,000	417,260	1,547,260
2026-2029	870,000	106,190	976,190
Total	<u>\$3,525,000</u>	<u>\$ 1,995,703</u>	<u>\$ 5,520,703</u>

**NOTE 7 – Iowa Public Employees Retirement System (IPERS)**

The Community College contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.30% of their annual covered salary and the Community College is required to contribute 6.65% of annual payroll. Contribution requirements are established by State statute. The Community College's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$188,488, \$169,021, and \$146,820 respectively, equal to the required contribution.

**NOTE 8 – Teachers Insurance and Annuity Association – College Retirement Equities (TIAA-CREF)**

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Community College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 4.30% and the Community College is required to contribute 6.65%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2010, were \$189,862 and \$122,768, respectively.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2010**

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**Note 9 – Other Postemployment Benefits (OPEB)**

The College prospectively implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2009.

Plan Description – The College operates a single-employer retiree benefit plan which provides medical/dental/prescription drug benefits for retirees and their spouses. There are 108 active and 13 retired members in the plan. Participants must be age 55 or older at retirement and have been actively employed as a full time employee of the College for at least fifteen years by June 30 of the year they retire, and be under contract with the College.

Effective January 1, 2009, future eligible retirees will receive paid medical and dental premiums until reaching Medicare eligibility or for 84 months. Spousal coverage will cease upon Medicare eligibility, 36 months after the retiree's coverage is terminated, or after 84 months. Retirees are responsible for any increase in the cost of insurance after their date of retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Alliance Select. The dental coverage is provided through Delta Dental. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability, in addition to the explicit subsidy.

Funding Policy – The contribution requirements of plan members are established and may be amended by the College. The College currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution	\$ 194,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	<u>194,000</u>
Annual OPEB cost	
Contributions made	<u>49,000</u>
Increase in net OPEB obligation	145,000
Net OPEB obligation beginning of year	<u>145,000</u>
Net OPEB obligation end of year	<u>\$ 290,000</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2010**

**Note 9 – Other Postemployment Benefits (OPEB) – (Continued)**

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2009 and 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
June 30, 2010	\$ 194,000	25.26%	\$ 290,000
June 30, 2009	194,000	25.26%	145,000

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008, through June 30, 2009, the actuarial accrued liability was \$1.486 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.486 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,543,949 and the ratio of the UAAL to covered payroll was 22.70%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the College's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**NOTE 10 – New Jobs Training Programs**

The Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area IV in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the Community College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2010**

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**NOTE 10 – New Jobs Training Programs (Continued)**

withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the Community College has administered sixty-five projects with thirty-four currently having project funding available. The thirty-one remaining projects have been completed, and have been fully repaid. In cases where projects exceed the budgeted amounts, the Community College intends to obtain additional withholding revenue from the companies.

The Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Area IV in accordance with Chapter 260F of the Code of Iowa. SBNJTP's purpose

is to provide tax-aided training or retraining for employees of small businesses which are new to or are expanding their operations within the State of Iowa. Approved small businesses receive loans from the Iowa Employment Training Fund, a State administered fund. Since inception, the Community College has administered 101 projects, with 4 projects having unspent training dollars at June 30, 2010.

The Community College is also involved in the Iowa Accelerated Career Education (ACE) Program in Area IV in accordance with Chapter 260G of the Code of Iowa. ACE's purpose is to provide financial assistance for business driven training programs. The Community College received state grants for \$291,837 and \$366,666 for the construction of a new facility for the associate degree in nursing program, as well as \$366,666 and \$422,221 for construction involved with a new radiology tech program. In both fiscal years 2007 and 2008 the College was awarded another \$366,666 to be granted as costs for a bio-tech addition are incurred. In fiscal year 2009 the College was allocated \$566,666 through the ACE Program to be used as expenditures are incurred for a heavy equipment program facility and in FY2010, \$366,666 to be used for future expense for a diesel technology program facility. The second aspect of this program provides funding for the operational costs of a program through withholding credits and a 20% employer match. The Community College has five 260G programs, industrial instrumentation, practical nursing, radiology tech, and two associate nursing programs.

**NOTE 11 – Termination Benefits**

The College offered a voluntary early retirement plan to its employees during fiscal year 2010. The plan was for retirements effective from July 1, 2010 thru June 30, 2011. Eligible employees must have completed at least ten years of full-time service to the College and must have reached the age of fifty-five on or before the date in which early retirement commences. The application for early retirement is subject to approval by the Board of Directors and letter of resignation was to be received by March 10, 2010. Eleven employees are in the new program. This was a one time opportunity.

Early retirement benefits are a one-time cash incentive equal to an amount ranging from 2.5% to 3.5%, multiplied by the employee's total number of qualifying years of service, multiplied by the employee's annual base salary at the date of retirement request, with a maximum retirement benefit not to exceed 100% of the employee's annual base salary at the date of request for early retirement. The percentage used is based upon the number of years of service.

The one-time incentives will be paid in two equal installments the first within 60 days of retirement. The second payment will be paid one hundred eighty days thereafter.

Eligible employees of the new plan shall also receive, at no cost to the employee, health/dental coverage for both the employee and spouse for up to 84 months depending upon age.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2010**

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**NOTE 11 – Termination Benefits (Continued)**

In addition to the above incentive, an employee whose retirement is effective between July 1, 2010 and December 31, 2010, shall also receive an additional cash bonus equal to 25% of the employee's FY2010 salary, as well as a potential of an additional 36 months of health/dental coverage.

In fiscal year 2009 the college offered an additional one-time enrollment early retirement plan in which the college offered one-time cash payments, which have all been paid at June 30, 2010, and no cost health/dental coverage to the employees and spouses for up to 84 months. At June 30, 2010 there were two employees with benefits remaining under this plan.

In fiscal year 2006 the college offered another one-time enrollment early retirement plan in which the college offered one-time cash payments, which have been paid, and no cost health/dental coverage to the employees and spouses for up to 84 months. At June 30, 2010 there were six employees receiving benefits under this plan.

In fiscal year 2003 the college also offered a one-time enrollment early retirement plan in which the college offered one-time cash payments, which have subsequently been paid, and no cost health/dental coverage to the employees and spouses until age 65. At June 30, 2010 there were three employees receiving health/dental coverage under this plan.

At June 30, 2010, the college has obligations to 22 participants with a total liability of \$1,618,411. The liability is calculated based on unadjusted premium and incentive amounts to be paid over the term of each employee's involvement in the plan. Early retirement is funded on a pay-as-you-go basis through property tax levies. Actual early retirement cash basis expenditures for the year ended June 30, 2010 totaled \$172,530.

**NOTE 12 – Risk Management**

The Community College carries commercial insurance purchased from other insurers for coverage associated with general liability, automobile liability and physical damage, property and inland marine, errors and omissions, crime insurance, fiduciary bonds, boiler and machinery insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Beginning July 1, 2009 the College began to operate a medical expense reimbursement plan. Under the plan the Community College currently purchases a fully insured high deductible healthcare plan and self-funds the deductible and out of pocket maximum down to a lower deductible and out of pocket maximum for employees. The premium savings between the purchased plan and the employee plan is used to fund the claims for employees who exceed their lower deductible plan. The College risk is limited to the difference between the out of pocket maximums of the two plans. Actual claims have not exceeded 70% of the premium savings.

The claims payable, including claims incurred but not yet reported, have been determined by the College's management and have been recorded in the accompanying financial statements. Changes in the claim's liability amount were as follows:

Year Ended June 30	Beginning Balance Liability	Claims and Changes in Estimates	Claim Payments	Ending Balance
2010	\$ -	\$ 121,663	\$ 111,382	\$ 10,281



**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes To The Financial Statements**  
**June 30, 2010**

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**Note 13 – Wellness Center Project**

Northwest Iowa Community College in conjunction with the Northwest Iowa Community College Foundation are in the process of constructing a Wellness Center Facility. The Foundation, a discretely presented component unit of the College will own the facility, however the College will operate the facility and enter into a capital lease with the Foundation, when construction is completed. The College will incur the initial cost of construction, which will be reimbursed by the Foundation through the issuance of USDA loans and the remaining amounts paid by the College will be applied as lease payments. At June 30, 2010, \$2,299,225 had been spent by the College on the project to date. This amount is reflected as an asset of the College and liability of the Foundation on the Statement of Net Assets.

NORTHWEST IOWA COMMUNITY COLLEGE  
POST EMPLOYMENT HEALTHCARE BENEFITS  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7/1/2008 *	\$ -	\$ 1,486,000	\$ 1,486,000	0.00%	\$ 5,456,752	27.2%
7/1/2008	-	1,486,000	1,486,000	0.00%	5,565,468	26.7%

\* Fiscal 2009 was the first year for calculating the Post Employment Benefit Obligation so information from previous years is not available.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to Other Supplementary Information**  
**June 30, 2010**

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Supplemental Financial Statements

The supplemental financial information of the Community College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue and expenditures. These funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The various fund groups and their designated purposes are as follows:

Current Funds – The current funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the Community College and consist of the following:

Unrestricted Fund – The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the Community College. All property tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses, the fixed charges and the expenditures for plant assets that are not paid from other funds.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff, and/or institutional departments and which are supplemental to the educational and general objectives of the Community College. In addition, it accounts for activities which provide instructional and laboratory experiences for students and which incidentally create goods and services that may be sold to students, faculty, staff and the general public.

Restricted Fund – The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds – The Loan Funds are used to account for loans to students, and are financed primarily by contributions from private citizens.

Plant Funds – The Plant Funds are used to account for transactions relating to investment in the Community College properties and consist of the following self-balancing subfunds:

Unexpended – This subfund is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Retirement of Indebtedness – This subfund is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

Investment in Plant – This subfund is used to account for the excess of the carrying value of plant assets over the related liabilities.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Notes to Other Supplementary Information**  
**June 30, 2010**

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Agency Funds – The Agency Funds are used to account for assets held by the Community College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities. Transactions of the Agency Funds represent charges or credits to the individual asset and liability accounts and do not involve measurement of revenues or expenditures.

Schedules presented in the supplemental information are reported using the "current financial resources measurement focus" and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The schedule of revenues, expenditures and changes in fund balance is a schedule of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Budgetary Comparison Schedule of Expenditures –**  
**Budget and Actual**  
**June 30, 2010**

Funds/Levy	Original/Final Budget	Actual	Variance Between Actual and Budget
Unrestricted	\$ 10,384,000	\$ 9,478,132	\$ 905,868
Restricted	4,049,000	3,804,423	244,577
Unemployment	20,000	5,290	14,710
Insurance	200,000	182,050	17,950
Early Retirement	100,000	1,263,097	(1,163,097)
Equipment Replacement	250,000	-	250,000
Total Restricted	4,619,000	5,254,860	(635,860)
Plant	7,120,000	4,448,519	2,671,481
Total	\$ 22,123,000	\$ 19,181,511	\$ 2,941,489

**NORTHWEST IOWA COMMUNITY COLLEGE**  
**Note to Supplementary Information –**  
**Budgetary Reporting**  
**June 30, 2010**

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The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the Community College on a basis consistent with U.S. generally accepted accounting principles. Following required public notice and hearing and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Job Training Partnership Act Accounts, Loan Funds, Endowment Funds and Agency Funds.

NORTHWEST IOWA COMMUNITY COLLEGE  
BALANCE SHEET  
JUNE 30, 2010

	Current Funds			
	Restricted			Loan Funds
	Unrestricted	New Jobs Training	Other Restricted	
<b>Assets</b>				
Cash and Pooled Investments	\$ 7,965,381	\$ 5,382,978	\$ 2,254,774	\$ 13,028
Receivables:				
Accounts	594,408		9,180	
Property Tax:				
Current Year Delinquent	6,369		7,855	
Succeeding Year	588,125		787,972	
Notes				90
Due from Other Funds				
Due from Other Governmental Agencies	65,029		117,824	
Due From Northwest Iowa Community College Foundation				
Iowa Industrial New Jobs Training Program		1,182,022		
Inventories	298,726			
Bond Issue Costs				
Capital Assets				
Land				
Buildings				
Construction in Progress				
Software Development				
Other Structures and Improvements				
Furniture, Machinery and Equipment				
Accumulated Depreciation				
<b>Total Assets</b>	<b>\$ 9,518,038</b>	<b>\$ 6,565,000</b>	<b>\$ 3,177,605</b>	<b>\$ 13,118</b>

Plant Funds						
Endowment Fund	Unexpended	Retirement of Indebtedness	Investment in Plant	Agency Funds	Adjustments	Total
	\$ 1,615,776	\$ 86,930		\$ 372,167		\$ 17,691,034
						603,588
	6,369					20,593
	588,125					1,964,222
						90
	105,957				\$ (105,957)	-
	190,772			7,879		381,504
			\$ 2,299,225			2,299,225
						1,182,022
						298,726
	70,049					70,049
			338,966			338,966
			18,886,113			18,886,113
			85,426			85,426
			412,457			412,457
			1,017,800			1,017,800
			7,021,690			7,021,690
					(12,124,824)	(12,124,824)
\$ -	\$ 2,577,048	\$ 86,930	\$ 30,061,677	\$ 380,046	\$ (12,230,781)	\$ 40,148,681



NORTHWEST IOWA COMMUNITY COLLEGE  
BALANCE SHEET  
JUNE 30, 2010

	Current Funds			
	Unrestricted	Restricted		Loan Funds
		New Jobs Training	Other Restricted	
<b>Liabilities and Equity</b>				
Liabilities:				
Accounts Payable	\$	1,078,435	\$	586
Salaries and Benefits Payable		237,040		13,911
Interest Payable				
Due to Other Funds				-
Deferred Revenue				
Succeeding Year Property Tax		588,125		787,972
Other		365,744		71,636
Early Retirement Payable				1,618,411
Compensated Absences		305,241		
Insurance Reserve		150,000		
Deposits Held in Custody for Others		37,488		
Certificates Payable			\$	6,565,000
Capital Lease Payable				
Bonds Payable				
Net OPEB Obligation				
Total Liabilities		2,762,073	6,565,000	2,492,516
-				
Fund Balance:				
Invested in Capital Assets, Net of Related Debt				
Fund Balances:				
Restricted				
Nonexpendable:				
Cash Reserve				119,016
Expendable:				
Loans				\$ 13,118
Other				566,073
Unrestricted		6,755,965		
Total Fund Balances		6,755,965	-	685,089
				13,118
Total Liabilities and Equity	\$	9,518,038	\$ 6,565,000	\$ 3,177,605
				\$ 13,118

Endowment Fund	Plant Funds		Investment in Plant	Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness				
	\$ 75,687			\$ 747		\$ 1,155,455
		\$ 14,592				250,951
		105,957			\$ (105,957)	14,592
	588,125					-
						1,964,222
						437,380
						1,618,411
				5,724		310,965
						150,000
				373,575		411,063
						6,565,000
			\$ 90,118			90,118
			3,525,000			3,525,000
					290,000	290,000
-	663,812	120,549	3,615,118	380,046	184,043	16,783,157
			24,147,334		(12,124,824)	12,022,510
						119,016
						13,118
		(33,619)				532,454
	1,913,236		2,299,225		(290,000)	10,678,426
-	1,913,236	(33,619)	26,446,559	-	(12,414,824)	23,365,524
\$ -	\$ 2,577,048	\$ 86,930	\$ 30,061,677	\$ 380,046	\$ (12,230,781)	\$ 40,148,681

NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND OTHER CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2010

	Current Funds		
	Unrestricted	Restricted	
		Jobs Training	Other Restricted
Revenues and other additions:			
General:			
State Appropriations	\$ 3,929,921		\$ 437,694
Tuition and Fees	5,333,185		
Property tax	550,420		678,789
Federal Appropriations	838,330		2,302,694
Interest on Investments	109,771		16,280
Rental of College Facilities	3,828		
Gifts and Contributions			320,851
Iowa Industrial New Jobs Training Program		\$ 883,794	
Increase in Plant Investment Due to Plant Expenditures			
Increase in Plant Investment Due to Retirement of Debt			
Gain on sale of Capital Assets			
Miscellaneous	44,487		1,500
Total General	10,809,942	883,794	3,757,808
Auxiliary Enterprises:			
State Appropriations	287,598		
Tuition and Fees	78,099		
Sales and Services	1,751,055		
Interest on Investments	24,797		
Federal Appropriations	9,940		
Miscellaneous	453,889		
Total Auxiliary Enterprises	2,605,378	-	-
 Total Revenues and Other Additions	 \$ 13,415,320	 \$ 883,794	 \$ 3,757,808

Loan Funds	Plant Funds			Adjustments	Total
	Unex- pected	Retirement of Indebtedness	Investment in Plant		
	\$ 643,586			\$ (1,538,100)	\$ 5,011,201
	550,420				3,795,085
	41,927				1,779,629
					3,141,024
					167,978
					3,828
					320,851
					883,794
			\$ 3,819,642	(3,819,642)	-
			181,488	(181,488)	-
	45,964			(44,783)	1,181
	-				45,987
\$ -	1,281,897	\$ -	4,001,130	(5,584,013)	15,150,558
					287,598
					78,099
				(473,064)	1,277,991
					24,797
					9,940
					453,889
-	-	-	-	(473,064)	2,132,314
\$ -	\$ 1,281,897	\$ -	\$ 4,001,130	\$ (6,057,077)	\$ 17,282,872

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND OTHER CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2010**

	Current Funds		
	Unrestricted	Restricted	Other Restricted
Expenditures and other deductions:			
Education and Support:			
Liberal Arts and Sciences	\$ 1,220,585		\$ -
Vocational Technical	3,845,698		94,436
Adult Education	724,490		27,342
Cooperative Services	-	\$ 883,794	
Administration	676,411		1,268,608
Student Services	820,053		
Learning Resources	170,356		
Physical Plant	673,740		196,602
General Institution	1,346,799		899,536
Total Education and Support	9,478,132	883,794	2,486,524
Auxiliary Enterprises	2,203,369		
Scholarships and Grants			1,884,542
Plant Asset Acquisitions			
Retirement of Indebtedness			
Disposal of Plant Assets			
Amorization Expense			
Interest on Indebtedness			
Depreciation			
Total Expenditures	11,681,501	883,794	4,371,066
Excess (Deficiency) of Revenues and Other Additions			
Over (Under) Expenditures and Other Deductions	1,733,819	-	(613,258)
Transfers:			
Non-mandatory Transfers	(2,160,394)		(253,427)
Total Transfers	(2,160,394)	-	(253,427)
Net	(426,575)	-	(866,685)
Fund Balances Beginning of Year	7,182,540	-	1,551,774
Fund Balances End of Year	\$ 6,755,965	\$ -	\$ 685,089

Loan Funds	Plant Funds			Adjustments	Total
	Unex- pended	Retirement of Indebtedness	Investment in Plant		
				\$ (25,151)	\$ 1,195,434
				(15,358)	3,924,776
				(23,447)	728,385
				-	883,794
				9,691	1,954,710
				12,216	832,269
				32,072	202,428
	\$ 214,168			23,463	1,107,973
				19,652	2,265,987
-	214,168	-	-	33,138	13,095,756
				9,293	2,212,662
				(1,862,990)	21,552
	3,865,247			(3,865,247)	-
		\$ 181,488		(181,488)	-
			\$ 271,497	(271,497)	-
	4,016				4,016
		183,600			183,600
				979,610	979,610
-	4,083,431	365,088	271,497	(5,159,181)	16,497,196
-	(2,801,534)	(365,088)	3,729,633	(897,896)	785,676
	2,074,311	339,510			-
-	2,074,311	339,510	-	-	-
-	(727,223)	(25,578)	3,729,633	(897,896)	785,676
\$ 13,118	2,640,459	(8,041)	22,716,926	(11,516,928)	22,579,848
\$ 13,118	\$ 1,913,236	\$ (33,619)	\$ 26,446,559	\$ (12,414,824)	\$ 23,365,524

NORTHWEST IOWA COMMUNITY COLLEGE  
UNRESTRICTED FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
EDUCATION AND SUPPORT  
FOR THE YEAR ENDED JUNE 30, 2010

	Education		
	Liberal Arts and Science	Vocational Technical	Adult Education
REVENUES			
State Appropriations	\$ 866,600	\$ 2,122,303	\$ 938,877
Tuition and Fees	1,356,518	3,504,228	434,827
Property Tax			
Federal Appropriations	5,860	76,174	97,188
Rental of College Facilities			
Interest on Investments			
Miscellaneous	4,638		105
	2,233,616	5,702,705	1,470,997
Allocation of Support Services	422,050	676,486	304,089
Total Revenues	2,655,666	6,379,191	1,775,086
EXPENDITURES			
Salaries and Benefits	1,164,997	3,363,208	520,111
Services	30,782	233,626	129,099
Materials and Supplies	23,472	208,601	36,309
Travel	1,334	17,320	38,971
Miscellaneous		22,943	
	1,220,585	3,845,698	724,490
Allocation of Support Services	1,109,526	1,778,413	799,419
Total Expenditures	2,330,111	5,624,111	1,523,909
Excess (Deficiency) of Revenues Over (Under) Expenditures	325,554	755,079	251,176
TRANSFERS			
Non-Mandatory Transfers In		145,729	
Non-Mandatory Transfers Out		(105,485)	(300)
Net	\$ 325,554	\$ 795,323	\$ 250,876

Fund Balances Beginning of Year

Fund Balances End of Year

Note: The support services allocations are based on the percentage of contact hours reported.

Support Services					Total Education and Support Services
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	
		\$ 79	\$ 2,062		\$ 3,929,921
	\$ 37,612				5,333,185
\$ 550,420					550,420
21,182	2,279			\$ 635,647	838,330
			3,828		3,828
102,560				7,211	109,771
37,963		87	40	1,654	44,487
712,125	39,891	166	5,930	644,512	10,809,942
(712,125)	(39,891)	(166)	(5,930)	(644,512)	-
-	-	-	-	-	10,809,942
580,893	732,258	131,975	495,590	544,993	7,534,025
64,331	50,406	10,445	112,553	538,995	1,170,237
10,381	28,418	27,936	65,597	194,626	595,340
20,772	8,957			21,038	108,392
34	14			47,147	70,138
676,411	820,053	170,356	673,740	1,346,799	9,478,132
(676,411)	(820,053)	(170,356)	(673,740)	(1,346,799)	-
-	-	-	-	-	9,478,132
-	-	-	-	-	1,331,810
			-	24,958	170,687
			(53,350)	(1,307,794)	(1,466,929)
\$ -	\$ -	\$ -	\$ (53,350)	\$ (1,282,836)	35,568
					1,244,117
					\$ 1,279,685



NORTHWEST IOWA COMMUNITY COLLEGE  
UNRESTRICTED FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND OTHER CHANGES IN FUND BALANCE  
AUXILIARY ENTERPRISES  
FOR THE YEAR ENDED JUNE 30, 2010

	Bookstore	Dormitories	Carpentry
<b>REVENUES</b>			
State Appropriations			
Tuition and Fees			
Sales and Services (Net of Returns)	\$ 803,626	\$ 349,749	\$ 89,000
Interest on Investments	1,001		2,416
Federal Appropriations	1,559		
Miscellaneous		1,746	13,990
Total Revenues	806,186	351,495	105,406
<b>EXPENDITURES</b>			
Salaries and Benefits	96,061	660	
Services	23,490	22,488	16,277
Materials and Supplies	2,857	3,023	3,939
Travel	1,401		
Cost of Goods Sold	571,612		75,719
Miscellaneous			
Total Expenditures	695,421	26,171	95,935
Excess (Deficiency) of Revenues Over (Under) Expenditures	110,765	325,324	9,471
<b>TRANSFERS</b>			
Non-Mandatory Transfers In			
Non-Mandatory Transfers Out		(339,510)	
Net	110,765	(14,186)	9,471
Fund Balance Beginning of Year	641,696	185,324	188,880
Fund Balance End of Year	\$ 752,461	\$ 171,138	\$ 198,351

Farm	Parts	Printing and Reproduction	Trade and Industry	Other	Total
			\$ 94,314	\$ 193,284	\$ 287,598
				78,099	78,099
\$ 700	\$ 280,104	\$ 81,892		145,984	1,751,055
2,227	1,584	4,235	6,003	7,331	24,797
128		232		8,021	9,940
33		4,456	199,822	233,842	453,889
3,088	281,688	90,815	300,139	666,561	2,605,378
		29,301	364,073	66,991	557,086
475	850	16,424	285,176	89,146	454,326
	605	42,797	25,564	130,922	209,707
			8,106	2,616	12,123
	254,577	14,300		37,647	953,855
				16,272	16,272
475	256,032	102,822	682,919	343,594	2,203,369
2,613	25,656	(12,007)	(382,780)	322,967	402,009
			624,307	769,283	1,393,590
		(46,148)		(1,872,084)	(2,257,742)
2,613	25,656	(58,155)	241,527	(779,834)	(462,143)
119,434	189,044	318,712	5,946	4,289,387	5,938,423
<u>\$ 122,047</u>	<u>\$ 214,700</u>	<u>\$ 260,557</u>	<u>\$ 247,473</u>	<u>\$ 3,509,553</u>	<u>\$ 5,476,280</u>

NORTHWEST IOWA COMMUNITY COLLEGE  
RESTRICTED FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2010

	Scholarships and Grants	Equipment Replacement	Insurance
REVENUES			
State Appropriations	\$ 133,604		
Property Tax		\$ 244,634	\$ 219,564
Federal Appropriations	1,439,063		
Investment Income			
Iowa Industrial New Jobs Training Program			
Gifts and Grants	297,121		
Miscellaneous			
Total Revenues	<u>1,869,788</u>	<u>244,634</u>	<u>219,564</u>
EXPENDITURES			
Salaries and Benefits			
Services			182,050
Material and Supplies	1		
Travel			
Interest in Indebtedness			
Federal Pell Grant Program	1,407,788		
Federal Supplemental Educational Opportunity Grant	13,408		
Federal TRIO and Title 3 Grant Program			
Federal College Work Study	3,459		
Other Misc. Federal Funds	14,408		
Iowa College Student Aid Commission	90,276		
Other Misc. State Grants	43,329		
Private Scholarships	311,873		
Total Expenditures	<u>1,884,542</u>	<u>-</u>	<u>182,050</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,754)	244,634	37,514
TRANSFERS			
Non-Mandatory Transfers Out		(52,036)	
Net	<u>(14,754)</u>	<u>192,598</u>	<u>37,514</u>
Fund Balances Beginning of Year	<u>6,410</u>	<u>58,870</u>	<u>22,983</u>
Fund Balances (Deficit) End of Year	<u>\$ (8,344)</u>	<u>\$ 251,468</u>	<u>\$ 60,497</u>

Unemployment Compensation	Early Retirement	Cash Reserve	Iowa Industrial New Jobs Training Program	Other	Total
				\$ 304,090	\$ 437,694
\$ 14,961	\$ 199,630				678,789
				863,631	2,302,694
				16,280	16,280
			\$ 883,794		883,794
				23,730	320,851
				1,500	1,500
<u>14,961</u>	<u>199,630</u>	<u>-</u>	<u>883,794</u>	<u>1,209,231</u>	<u>4,641,602</u>
5,290	1,263,097			600,661	1,869,048
			445,814	85,067	712,931
				241,470	241,471
				21,478	21,478
			437,980		437,980
					1,407,788
					13,408
				64,372	64,372
					3,459
				23,039	37,447
					90,276
					43,329
					311,873
<u>5,290</u>	<u>1,263,097</u>	<u>-</u>	<u>883,794</u>	<u>1,036,087</u>	<u>5,254,860</u>
9,671	(1,063,467)	-	-	173,144	(613,258)
				(201,391)	(253,427)
<u>9,671</u>	<u>(1,063,467)</u>	<u>-</u>	<u>-</u>	<u>(28,247)</u>	<u>(866,685)</u>
51,912	(314,256)	\$ 119,016	-	1,606,839	1,551,774
<u>\$ 61,583</u>	<u>\$(1,377,723)</u>	<u>\$ 119,016</u>	<u>\$ -</u>	<u>\$ 1,578,592</u>	<u>\$ 685,089</u>

NORTHWEST IOWA COMMUNITY COLLEGE  
 AGENCY FUNDS  
 SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Student Clubs and <u>Organizations</u>	NICC <u>Foundation</u>	Municipal <u>Coordinator</u>	Northwest Iowa <u>Developers</u>	<u>Total</u>
Balance Beginning of Year	\$ 23,633	\$ 135,627	\$ (2,495)	\$ 314,290	\$ 471,055
<u>ADDITIONS</u>					
State Appropriations				25,000	25,000
Tuition and Fees	46,362				46,362
Interest on Investments		1,292		1,412	2,704
Transfers from Governmental Funds	500	25,000		730	26,230
Miscellaneous	29,251		85,283	12,850	127,384
Total Additions	76,113	26,292	85,283	39,992	227,680
<u>DEDUCTIONS</u>					
Salaries and Benefits	14,488	30,656	63,614	321	109,079
Services and Workshops	22,340	1,392	7,277	133,027	164,036
Material and Supplies	9,702	4,793	3,937	661	19,093
Travel	14,070		279	5,539	19,888
Scholarships and Awards	3,033				3,033
Miscellaneous	10,031				10,031
Total Deductions	73,664	36,841	75,107	139,548	325,160
Balance End of Year	<u>\$ 26,082</u>	<u>\$ 125,078</u>	<u>\$ 7,681</u>	<u>\$ 214,734</u>	<u>\$ 373,575</u>

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>	<u>New Loans and New Loan Guarantees</u>
Direct:			
U.S. Department of Education:			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	\$ 13,408	
Federal Family Education Loans	84.032		\$ 3,149,676
Federal Work-Study Program	84.033	26,019	
Federal Pell Grant Program	84.063	1,407,788	
Academic Competitiveness Grants	84.375	11,069	
Total for Student Financial Aid Cluster - Note 2		1,458,284	3,149,676
Higher Education - Institutional Aid	84.031	376,498	
TRIO Student Support Services	84.042	267,626	
U.S. Department of Labor:			
WIA Pilots, Demonstrations, and Research Projects	17.261	210,141	
Corporation for National and Community Service:			
AmeriCorps	94.006	3,339	
Total Direct		2,315,888	3,149,676
Indirect:			
U.S. Department of Education:			
Indirect Through Iowa Department of Education:			
Adult Education - Basic Grants to States	84.002	105,367	
Vocational Education - Basic Grants to States	84.048	78,453	
Tech-Prep Education	84.243	65,822	
SFSF Cluster:			
State Fiscal Stabilization Funds (SFSF)- Education State Grants, Recovery Act- ARRA	84.394	560,700	
State Fiscal Stabilization Funds (SFSF)- Government Services, Recovery Act- ARRA	84.397	60,682	
		621,382	
U.S. Department of Labor:			
Indirect Through Iowa Department of Education:			
Mine Health and Safety Grants	17.600	1,187	
Total Indirect		872,211	-
Total		<u>\$ 3,188,099</u>	<u>\$ 3,149,676</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Note 1 - BASIS OF PRESENTATION- The above Schedule of Expenditures of Federal Awards includes the federal grant activity of Northwest Iowa Community College and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT  
FOR THE YEAR ENDED JUNE 30, 2010

<u>Category</u>	<u>Credit Hours</u>			<u>Contact Hours</u>		
	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>
Arts and Sciences	16,024	-	16,024	-	-	-
Vocational Education	19,236	-	19,236	-	-	-
Adult and Continuing Education	-	-	-	205,574	26,686	232,260
Cooperative Programs and Services	-	-	-	-	-	-
Related Services and Activities	-	-	-	-	-	-
Total	35,260	-	35,260	205,574	26,686	232,260

NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES

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	<u>Years Ended June 30,</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Local (Property Tax)	\$ 1,779,629	\$ 1,768,786	\$ 1,690,104	\$ 1,643,656	\$ 1,385,528
State	5,011,201	5,889,594	5,415,475	4,869,290	5,076,529
Federal	3,141,024	2,049,512	1,786,600	1,539,091	1,300,358
Total	<u>\$ 9,931,854</u>	<u>\$ 9,707,892</u>	<u>\$ 8,892,179</u>	<u>\$ 8,052,037</u>	<u>\$ 7,762,415</u>



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<u>Years Ended June 30,</u>				
<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 1,365,872	\$ 1,739,325	\$ 1,439,405	\$ 1,367,925	\$ 1,311,651
4,480,350	4,834,384	3,920,141	3,944,274	4,212,210
1,707,628	1,471,415	1,504,354	1,260,141	895,830
<u>\$ 7,553,850</u>	<u>\$ 8,045,124</u>	<u>\$ 6,863,900</u>	<u>\$ 6,572,340</u>	<u>\$ 6,419,691</u>

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF CURRENT FUND REVENUES BY SOURCE  
AND EXPENDITURES BY FUNCTION  
FOR THE LAST EIGHT YEARS**

	Years Ended June 30,		
	2010	2009	2008
<b>Revenues:</b>			
State Appropriations	\$ 4,367,615	\$ 5,115,582	\$ 5,076,593
Tuition and Fees	5,333,185	4,594,816	4,350,441
Property Tax	1,229,209	1,247,766	1,181,464
Federal Appropriations	3,141,024	2,047,630	1,761,848
Interest on Investments	126,051	231,067	538,838
Rental of College Facilities	3,828	3,365	3,475
Iowa Industrial New Jobs Training Program	883,794	1,686,323	1,294,012
Auxiliary Enterprises	2,605,378	2,310,922	2,832,983
Miscellaneous	366,838	665,201	239,296
<b>Total</b>	<b>18,056,922</b>	<b>17,902,672</b>	<b>17,278,950</b>
<b>Expenditures:</b>			
Liberal Arts and Sciences	1,220,585	1,188,900	1,112,487
Vocational Technical	3,940,134	3,852,582	3,561,537
Adult Education	751,832	819,585	760,251
Cooperative Services	883,794	1,693,281	1,294,012
Administration	1,945,019	673,282	864,847
Student Services	820,053	791,574	739,662
Learning Resources	170,356	184,932	183,868
Physical Plant	870,342	910,992	842,751
General Institution	2,246,335	2,422,885	2,333,919
Auxiliary Enterprises	2,203,369	2,108,840	2,295,261
Scholarships and Grants	1,884,542	1,208,160	1,046,340
<b>Total</b>	<b>\$ 16,936,361</b>	<b>\$ 15,855,013</b>	<b>\$ 15,034,935</b>

Years Ended June 30,				
2007	2006	2005	2004	2003
\$ 4,592,064	\$ 4,401,131	\$ 3,923,632	\$ 3,751,034	\$ 3,689,224
3,315,756	3,680,573	3,320,277	3,079,620	2,875,264
1,140,891	904,535	892,918	1,201,041	907,254
1,538,295	1,233,337	1,707,628	1,471,415	1,504,354
763,782	475,939	212,664	115,449	128,377
5,319	16,740	16,834	-	-
1,889,462	2,142,573	895,643	1,013,191	1,337,177
2,826,435	2,204,798	1,825,774	2,081,546	2,184,916
371,399	1,004,317	657,534	556,552	465,110
16,443,403	16,063,943	13,452,904	13,269,848	13,091,676

990,573	931,718	951,456	882,087	730,925
3,387,504	3,450,254	2,920,229	2,988,602	3,166,191
764,969	701,671	711,198	711,687	710,039
1,899,727	2,163,105	908,702	1,022,219	1,349,699
719,507	1,444,392	593,189	571,449	1,171,465
748,640	632,854	566,894	639,934	532,783
179,450	170,120	162,827	159,701	181,883
763,413	723,572	660,123	623,851	581,367
2,257,269	1,814,882	1,998,322	1,663,411	1,368,395
2,379,406	2,072,195	1,718,690	1,730,754	1,895,394
840,366	877,555	1,058,637	970,644	942,054
\$ 14,930,824	\$ 14,982,318	\$ 12,250,267	\$ 11,964,339	\$ 12,630,195



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Northwest Iowa Community College  
Sheldon, Iowa

We have audited the statement of net assets, and the related statement of revenues, expenses and changes in net assets and cash flows of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, as of and for the year ended June 30, 2010, which collectively comprise Northwest Iowa Community College's basic financial statements and have issued our report thereon dated December 13, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Northwest Iowa Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northwest Iowa Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Northwest Iowa Community College's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northwest Iowa Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we are required to report under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2010, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

Northwest Iowa Community College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the College's response, we did not audit Northwest Iowa Community College's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Northwest Iowa Community College during the course of our audit. If you have any questions concerning the above matters we will be pleased to discuss them with you at your convenience.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 13, 2010



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Northwest Iowa Community College  
Sheldon, Iowa

**Compliance**

We have audited the compliance of NORTHWEST IOWA COMMUNITY COLLEGE, Sheldon, Iowa, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010. Northwest Iowa Community College's major Federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal program is the responsibility of Northwest Iowa Community College's management. Our responsibility is to express an opinion on Northwest Iowa Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Northwest Iowa Community College's compliance with those requirements.

In our opinion, Northwest Iowa Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2010.

**Internal Control Over Compliance**

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material

effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northwest Iowa Community College's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of significant deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the officials, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Williams + Company, P. C.*  
Certified Public Accountants

Le Mars, Iowa  
December 13, 2010

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**Part I: Summary of the Independent Auditors' Results:**

- (a) An unqualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs as follows:

CFDA Numbers:

84.031      Higher Education – Institution Aid

Student Financial Assistance Cluster:

84.007      Federal Supplemental Educational  
   Opportunity Grants  
84.032      Federal Family Education Loans  
84.033      Federal Work-Study Program  
84.063      Federal Pell Grant Program  
84.375      Academic Competitiveness Grants

State Fiscal Stabilization Fund (SFSF) Cluster:

84.394      Education State Grants, Recovery Act  
84.397      Government Services, Recovery Act

- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Northwest Iowa Community College did not qualify as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

**II-A-10 Financial Reporting** – During the audit, we identified a material amount of inventory items not properly recorded in the College's financial statements. Adjustments were subsequently made by the College to properly include these amounts in the financial statements.

Recommendation – The College should implement procedures to ensure all inventory purchases are properly identified, classified, and included in the College's financial statements.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.



**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**Part III: Findings and Questioned Costs for Federal Awards**

No instances of noncompliance or significant deficiencies relating to Federal Awards were noted.

**Part IV: Other Findings Related to Required Statutory Reporting:**

- |         |   |
|---------|---|
| 10-IV-A | <u>Certified Budget</u> – Total operating expenditures for the year ended June 30, 2010 did not exceed the amount budgeted.   |
| 10-IV-B | <u>Questionable Expenditures</u> – No expenditures that did not meet the requirements of public purpose, as defined in an Attorney General's opinion, dated April 25, 1979, were noted.   |
| 10-IV-C | <u>Travel Expense</u> – No expenditures of the Community College money for travel expenses of spouses of Community College officials or employees were noted. No travel advances to Community College officials or employees were noted.                                  |
| 10-IV-D | <u>Business Transactions</u> – No non-exempt business transactions between the Community College and the Community College officials or employees were noted.   |
| 10-IV-E | <u>Bond Coverage</u> – Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations                         |
| 10-IV-F | <u>Board Minutes</u> – No transactions were found that we believe should have been approved in the Board minutes but were not.  |
| 10-IV-G | <u>Publication</u> – The Community College published a statement of receipts and disbursements of all required funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Chapter 260C.14(12) of the Code of Iowa. |
| 10-IV-H | <u>Deposits and Investments</u> – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.   |
| 10-IV-I | <u>Credit/Contact Hours</u> – Eligible credit and contact hours reported to the Iowa Department of Education by the Community College were supported by detailed records maintained by the Community College.   |

**NORTHWEST IOWA COMMUNITY COLLEGE  
SCHEDULE OF PRIOR YEAR FINDINGS FOR FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2009**

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The audit for the year ended June 30, 2009 did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).